

AMENDED IN ASSEMBLY APRIL 28, 2010

AMENDED IN ASSEMBLY APRIL 5, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 1950

Introduced by Assembly Member Brownley

February 17, 2010

An act to amend Sections 14502.1, 47604, 47605, 47605.6, and 47607 of, and to add Section 47630.6 to, the Education Code, relating to charter schools.

LEGISLATIVE COUNSEL'S DIGEST

AB 1950, as amended, Brownley. Charter School Facility Grant Program.

(1) Existing law requires the Controller, in consultation with the Department of Finance and the State Department of Education, to develop a plan to review and report on financial and compliance audits. Existing law requires the Controller to propose the content of an audit guide and authorizes a supplement to the audit guide to be suggested in the audit year to address issues resulting from new legislation in that year that changes the conditions of apportionment. Existing law requires the Controller to submit the proposed content of the audit guide and any supplement to the Education Audits Appeal Panel for review and possible amendment, and requires the Education Audits Appeal Panel to adopt the audit guide and any supplement pursuant to the rulemaking procedures of the Administrative Procedure Act.

This bill would require the Controller to propose, and the Education Audits Appeal Panel to adopt, a charter school supplement to the audit guide in order to provide guidance to auditors regarding which sections

of the school district and county office audit guide apply to charter schools and to create specific guidance related to the unique nature of charter schools. The bill also would make conforming changes.

(2) The Charter Schools Act of 1992 (Charter Schools Act) allows a charter school to elect to operate as, or be operated by, a nonprofit public benefit corporation, as specified.

This bill would expressly prohibit a charter school from operating as, or from being operated by, a for-profit corporation.

(3) The Charter Schools Act specifies the procedures for the submission, review, and approval or denial of a petition to establish *a* standard *or* countywide-a charter school. The act allows the governing board of a school district to deny a charter petition only if the board makes written factual findings that support certain facts regarding the petition. The act requires a county board of education to ~~deny~~ deny a petition to establish a countywide charter school if the board makes any of several specified factual findings.

This bill, in addition, would allow a governing board to deny a petition, and would require a county board of education to deny a petition for a countywide charter, if it makes a written factual finding that the petitioner has operated another charter school for at least 3 consecutive years and one of several specified events has occurred.

(4) The Charter Schools Act limits the duration of charters to a period not to exceed 5 years and authorizes the chartering authority to grant one or more subsequent renewals for an additional period of 5 years. The act prescribes the requirements a charter school must comply with in order to have its charter renewed, including a requirement that a charter school that has been in operation for 4 years satisfy at least one of several specified criteria regarding academic performance.

This bill would authorize a charter renewal to be for a period of 1 to 5 years. The bill would require a chartering authority to consider, as one factor in determining whether to grant a renewal, the degree to which a charter school serves pupil populations that are similar to local school district pupil populations, especially with regard to high-need pupils, as specified. The bill would delete one of the criteria for the requirement regarding charter schools in operation for 4 years. The bill would prohibit a chartering authority from granting a renewal of a charter school for longer than a 3-year period if that charter school is in program improvement or ~~if a charter school~~ has entered into year 5 of program improvement, has not exited program improvement, and

did not meet Adequate Yearly Progress in the year prior to the renewal year.

(5) The Charter Schools Act requires a charter petition to include a reasonably comprehensive description of the manner in which annual, independent financial audits will be conducted. The act requires a charter school to transmit a copy of its annual, independent financial audit report for the preceding fiscal year to its chartering entity, the Controller, the county superintendent of schools of the county in which the charter school is sited, except as specified, and the department by December 15 of each year.

This bill would require the Controller, by December 31 of each fiscal year, to publish a directory of certified public accountants and public accountants, *licensed by the California Board of Accountancy*, deemed by the Controller to be qualified to conduct audits of charter schools. The bill would require each audit of a charter school to be conducted by a certified public accountant or public accountant selected by the charter school from the directory. The bill would specify that it is unlawful for a public accounting firm to provide audit services to a charter school if the lead audit partner, or coordinating audit partner, having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that charter school in each of the 6 previous fiscal years, except as provided.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is the intent of the Legislature in enacting this
- 2 act to do all of the following:
- 3 (a) Ensure successful conditions for high-performing and
- 4 high-quality charter schools and encourage high levels of academic
- 5 performance and sound fiscal management practices among charter
- 6 schools.
- 7 (b) Implement accountability standards for charter schools that
- 8 will ensure that all charter schools are of high quality.
- 9 (c) Ensure successful conditions for high-performing charter
- 10 schools by setting academic achievement targets as a condition of
- 11 charter renewal, accountability standards to identify charter schools
- 12 that are not high quality, and evaluation standards to determine

1 whether entities operating multiple charter schools are establishing
2 and operating high-quality charter schools.

3 (d) Establish fiscal management standards for charter schools
4 that are as rigorous as those for other schools and school districts,
5 in order to ensure the most efficient and effective use of public
6 funds for the education of children in California.

7 (e) Ensure successful conditions for high-performing charter
8 schools by setting standards for the auditing of, and financial
9 reporting by, charter schools so as to provide for the transparent
10 use of public funds.

11 (f) Require a charter school authorizer to consider during a
12 charter school renewal whether a charter school has intentionally
13 targeted high-achieving pupils to attend their school and whether
14 the charter school's population generally reflects a similar
15 proportion of low-achieving pupils as the local school district pupil
16 population, especially high-need pupils, including, but not limited
17 to, pupils with disabilities, pupils living in poverty, and English
18 learners.

19 SEC. 2. Section 14502.1 of the Education Code is amended to
20 read:

21 14502.1. (a) The Controller, in consultation with the
22 Department of Finance and the State Department of Education,
23 shall develop a plan to review and report on financial and
24 compliance audits. The plan shall commence with the 2003–04
25 fiscal year for audits of school districts, other local education
26 agencies, and the offices of county superintendents of schools.
27 The Controller, in consultation with the Department of Finance,
28 the State Department of Education, and representatives of the
29 California School Boards Association, the California Association
30 of School Business Officials, the California County
31 Superintendents Educational Service Association, the California
32 Teachers Association, the California Society of Certified Public
33 Accountants, shall recommend the statements and other information
34 to be included in the audit reports filed with the state, and shall
35 propose the content of an audit guide to carry out the purposes of
36 this chapter. A supplement to the audit guide may be suggested in
37 the audit year, following the above process, to address issues
38 resulting from new legislation in that year that changes the
39 conditions of apportionment. The proposed content of the audit
40 guide and any supplement to the audit guide shall be submitted by

1 the Controller to the Education Audits Appeal Panel for review
2 and possible amendment.

3 (b) The audit guide and any supplement shall be adopted by the
4 Education Audits Appeal Panel pursuant to the rulemaking
5 procedures of the Administrative Procedure Act as set forth in
6 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division
7 3 of Title 2 of the Government Code. It is the intent of the
8 Legislature that, for the 2003–04 fiscal year, the audit guide be
9 adopted by July 1 of the fiscal year to be audited. A supplemental
10 audit guide may be adopted to address legislative changes to the
11 conditions of apportionment. It is the intent of the Legislature that
12 supplements be adopted before March 1 of the audit year.
13 Commencing with the 2004–05 fiscal year, and each fiscal year
14 thereafter, the audit guide shall be adopted by July 1 of the fiscal
15 year to be audited. A supplemental audit guide may be adopted to
16 address legislative changes to the conditions of apportionment.
17 The supplements shall be adopted before March 1 of the audit
18 year. To meet these goals and to ensure the accuracy of the audit
19 guide, the process for adopting emergency regulations set forth in
20 Section 11346.1 of the Government Code may be followed to
21 adopt the guide and supplemental audit guide. It is the intent of
22 the Legislature that once the audit guide has been adopted for a
23 fiscal year, as well as any supplement for that year, thereafter only
24 suggested changes to the audit guide and any additional
25 supplements need be adopted pursuant to the rulemaking
26 procedures of the Administrative Procedure Act. The audit guide
27 and any supplement shall be issued in booklet form and may be
28 made available by any means deemed appropriate. The Controller
29 and consultants in the development of the suggested audit guide
30 and any supplement shall work cooperatively on a timeline that
31 will allow the education audits appeal panel to meet the July 1 and
32 March 1 issuance dates. Consistent with current practices for
33 development of the audit guide before the 2003–04 fiscal year, the
34 Controller shall provide for the adoption of procedures and
35 timetables for the development of the suggested audit guide, any
36 supplement, and the format for additions, deletions, and revisions.

37 (c) For the audit of school districts or county offices of education
38 electing to take formal action pursuant to Sections 22714, 22714.5
39 (as it read prior to January 1, 2005), 44929, and 44929.1, (as it

1 read prior to January 1, 2005) the audit guide content proposed by
2 the Controller shall include, but not be limited to, the following:

3 (1) The number and type of positions vacated.

4 (2) The age and service credit of the retirees receiving the
5 additional service credit provided by Sections 22714, 22714.5 (as
6 it read prior to January 1, 2005), 44929, and 44929.1 (as it read
7 prior to January 1, 2005).

8 (3) A comparison of the salary and benefits of each retiree
9 receiving the additional service credit with the salary and benefits
10 of the replacement employee, if any.

11 (4) The resulting retirement cost, including interest, if any, and
12 postretirement health care benefits costs, incurred by the employer.

13 (d) The Controller shall annually prepare a cost analysis, based
14 on the information included in the audit reports for the prior fiscal
15 year, to determine the net savings or costs resulting from formal
16 actions taken by school districts and county offices of education
17 pursuant to Sections 22714, 22714.5 (as it read prior to January
18 1, 2005), 44929, and 44929.1, (as it read prior to January 1, 2005)
19 and shall report the results of the cost analysis to the Governor and
20 the Legislature by April 1 of each year.

21 (e) All costs incurred by the Controller to implement subdivision
22 (c) shall be absorbed by the Controller.

23 (f) This section shall become operative July 1, 2003 and shall
24 apply to the preparation of the audit guide for school district audits
25 commencing with the 2003–04 fiscal year.

26 (g) Pursuant to subdivisions (a) and (b), the Controller shall
27 propose, and the Education Audits Appeal Panel shall adopt, a
28 charter school supplement to the audit guide to provide guidance
29 on the sections of the school district and county office audit guide
30 that apply to charter schools, and to provide specific guidance on
31 the unique nature of charter schools. In developing the charter
32 school supplement, the Controller shall consult with representatives
33 of the organizations specified in subdivision (a), of the California
34 Charter Schools Association, and of other charter school
35 organizations, as appropriate.

36 SEC. 3. Section 47604 of the Education Code is amended to
37 read:

38 47604. (a) Charter schools may elect to operate as, or be
39 operated by, a nonprofit public benefit corporation, formed and
40 organized pursuant to the Nonprofit Public Benefit Corporation

1 Law (Part 2 (commencing with Section 5110) of Division 2 of
2 Title 1) of the Corporations Code).

3 (b) The governing board of a school district that grants a charter
4 for the establishment of a charter school formed and organized
5 pursuant to this section shall be entitled to a single representative
6 on the board of directors of the nonprofit public benefit corporation.

7 (c) An authority that grants a charter to a charter school to be
8 operated by, or as, a nonprofit public benefit corporation is not
9 liable for the debts or obligations of the charter school, or for
10 claims arising from the performance of acts, errors, or omissions
11 by the charter school, if the authority has complied with all
12 oversight responsibilities required by law, including, but not limited
13 to, those required by Section 47604.32 and subdivision (m) of
14 Section 47605.

15 (d) A charter school shall not be operated as, or be operated by,
16 a for-profit corporation.

17 SEC. 4. Section 47605 of the Education Code is amended to
18 read:

19 47605. (a) (1) Except as set forth in paragraph (2), a petition
20 for the establishment of a charter school within a school district
21 may be circulated by one or more persons seeking to establish the
22 charter school. A petition for the establishment of a charter school
23 shall identify a single charter school that will operate within the
24 geographic boundaries of that school district. A charter school
25 may propose to operate at multiple sites within the school district,
26 as long as each location is identified in the charter school petition.
27 The petition may be submitted to the governing board of the school
28 district for review after either of the following conditions are met:

29 (A) The petition has been signed by a number of parents or legal
30 guardians of pupils that is equivalent to at least one-half of the
31 number of pupils that the charter school estimates will enroll in
32 the school for its first year of operation.

33 (B) The petition has been signed by a number of teachers that
34 is equivalent to at least one-half of the number of teachers that the
35 charter school estimates will be employed at the school during its
36 first year of operation.

37 (2) A petition that proposes to convert an existing public school
38 to a charter school that would not be eligible for a loan pursuant
39 to subdivision (b) of Section 41365 may be circulated by one or
40 more persons seeking to establish the charter school. The petition

1 may be submitted to the governing board of the school district for
2 review after the petition has been signed by not less than 50 percent
3 of the permanent status teachers currently employed at the public
4 school to be converted.

5 (3) A petition shall include a prominent statement that a
6 signature on the petition means that the parent or legal guardian
7 is meaningfully interested in having his or her child or ward attend
8 the charter school, or in the case of a teacher's signature, means
9 that the teacher is meaningfully interested in teaching at the charter
10 school. The proposed charter shall be attached to the petition.

11 (4) After receiving approval of its petition, a charter school that
12 proposes to establish operations at one or more additional sites
13 shall request a material revision to its charter and shall notify the
14 authority that granted its charter of those additional locations. The
15 authority that granted its charter shall consider whether to approve
16 those additional locations at an open, public meeting. The approval
17 of additional locations of a charter school constitutes a material
18 revision of its charter.

19 (5) A charter school that is unable to locate within the
20 jurisdiction of the chartering school district may establish one site
21 outside the boundaries of the school district, but within the county
22 in which that school district is located, if the school district within
23 the jurisdiction of which the charter school proposes to operate is
24 notified in advance of the charter petition approval, the county
25 superintendent of schools and the Superintendent are notified of
26 the location of the charter school before it commences operations,
27 and either of the following circumstances exist:

28 (A) The school has attempted to locate a single site or facility
29 to house the entire program, but a site or facility is unavailable in
30 the area in which the school chooses to locate.

31 (B) The site is needed for temporary use during a construction
32 or expansion project.

33 (6) Commencing January 1, 2003, a petition to establish a charter
34 school may not be approved to serve pupils in a grade level that
35 is not served by the school district of the governing board
36 considering the petition, unless the petition proposes to serve pupils
37 in all of the grade levels served by that school district.

38 (b) No later than 30 days after receiving a petition, in accordance
39 with subdivision (a), the governing board of the school district
40 shall hold a public hearing on the provisions of the charter, at

1 which time the governing board of the school district shall consider
2 the level of support for the petition by teachers employed by the
3 district, other employees of the district, and parents. Following
4 review of the petition and the public hearing, the governing board
5 of the school district shall either grant or deny the charter within
6 60 days of receipt of the petition. The 60-day period may be
7 extended by an additional 30 days if the governing board and the
8 proponents of the petition agree to the extension. In reviewing
9 petitions for the establishment of charter schools pursuant to this
10 section, the chartering authority shall be guided by the intent of
11 the Legislature that charter schools are and should become an
12 integral part of the California educational system and that
13 establishment of charter schools should be encouraged. The
14 governing board of the school district shall grant a charter for the
15 operation of a school under this part if it is satisfied that granting
16 the charter is consistent with sound educational practice. The
17 governing board of the school district shall not deny a petition for
18 the establishment of a charter school unless it makes written factual
19 findings, specific to the particular petition, setting forth specific
20 facts to support one or more of the following findings:

21 (1) The charter school presents an unsound educational program
22 for the pupils to be enrolled in the charter school.

23 (2) The petitioners are demonstrably unlikely to successfully
24 implement the program set forth in the petition.

25 (3) The petition does not contain the number of signatures
26 required by subdivision (a).

27 (4) The petition does not contain an affirmation of each of the
28 conditions described in subdivision (d).

29 (5) The petition does not contain reasonably comprehensive
30 descriptions of all of the following:

31 (A) (i) A description of the educational program of the school,
32 designed, among other things, to identify those whom the school
33 is attempting to educate, what it means to be an “educated person”
34 in the 21st century, and how learning best occurs. The goals
35 identified in that program shall include the objective of enabling
36 pupils to become self-motivated, competent, and lifelong learners.

37 (ii) If the proposed school will serve high school pupils, a
38 description of the manner in which the charter school will inform
39 parents about the transferability of courses to other public high
40 schools and the eligibility of courses to meet college entrance

1 requirements. Courses offered by the charter school that are
2 accredited by the Western Association of Schools and Colleges
3 may be considered transferable and courses approved by the
4 University of California or the California State University as
5 creditable under the “A” to “G” admissions criteria may be
6 considered to meet college entrance requirements.

7 (B) The measurable pupil outcomes identified for use by the
8 charter school. “Pupil outcomes,” for purposes of this part, means
9 the extent to which all pupils of the school demonstrate that they
10 have attained the skills, knowledge, and attitudes specified as goals
11 in the school’s educational program.

12 (C) The method by which pupil progress in meeting those pupil
13 outcomes is to be measured.

14 (D) The governance structure of the school, including, but not
15 limited to, the process to be followed by the school to ensure
16 parental involvement.

17 (E) The qualifications to be met by individuals to be employed
18 by the school.

19 (F) The procedures that the school will follow to ensure the
20 health and safety of pupils and staff. These procedures shall include
21 the requirement that each employee of the school furnish the school
22 with a criminal record summary as described in Section 44237.

23 (G) The means by which the school will achieve a racial and
24 ethnic balance among its pupils that is reflective of the general
25 population residing within the territorial jurisdiction of the school
26 district to which the charter petition is submitted.

27 (H) Admission requirements, if applicable.

28 (I) The manner in which annual, independent financial audits
29 shall be conducted, which shall employ ~~generally accepted~~
30 ~~accounting principles~~ *government auditing standards*, and the
31 manner in which audit exceptions and deficiencies shall be resolved
32 to the satisfaction of the chartering authority, consistent with the
33 supplement to the audit guide adopted pursuant to subdivision (g)
34 of Section 14502.1.

35 (J) The procedures by which pupils can be suspended or
36 expelled.

37 (K) The manner by which staff members of the charter schools
38 will be covered by the State Teachers’ Retirement System, the
39 Public Employees’ Retirement System, or federal social security.

1 (L) The public school attendance alternatives for pupils residing
2 within the school district who choose not to attend charter schools.

3 (M) A description of the rights of any employee of the school
4 district upon leaving the employment of the school district to work
5 in a charter school, and of any rights of return to the school district
6 after employment at a charter school.

7 (N) The procedures to be followed by the charter school and
8 the entity granting the charter to resolve disputes relating to
9 provisions of the charter.

10 (O) A declaration whether or not the charter school shall be
11 deemed the exclusive public school employer of the employees of
12 the charter school for the purposes of Chapter 10.7 (commencing
13 with Section 3540) of Division 4 of Title 1 of the Government
14 Code.

15 (P) A description of the procedures to be used if the charter
16 school closes. The procedures shall ensure a final audit of the
17 school to determine the disposition of all assets and liabilities of
18 the charter school, including plans for disposing of any net assets
19 and for the maintenance and transfer of pupil records.

20 (6) The petitioner has operated another charter school for at
21 least three consecutive years and any of the following have
22 occurred:

23 (A) The charter school has demonstrated academic achievement
24 equivalent to a persistently lowest-achieving school as set forth in
25 Section 53200.

26 (B) The charter school completed its first renewal cycle and
27 was not renewed by the authorizing entity, the county board of
28 education, or the state board.

29 (C) The school has had its charter revoked, and the charter was
30 not restored by the county board of education or the state board.

31 (c) (1) Charter schools shall meet all statewide standards and
32 conduct the pupil assessments required pursuant to Sections 60605
33 and 60851 and any other statewide standards authorized in statute
34 or pupil assessments applicable to pupils in noncharter public
35 schools.

36 (2) Charter schools shall, on a regular basis, consult with their
37 parents, legal guardians, and teachers regarding the school's
38 educational programs.

39 (d) (1) In addition to any other requirement imposed under this
40 part, a charter school shall be nonsectarian in its programs,

1 admission policies, employment practices, and all other operations,
2 shall not charge tuition, and shall not discriminate against any
3 pupil on the basis of the characteristics listed in Section 220. Except
4 as provided in paragraph (2), admission to a charter school shall
5 not be determined according to the place of residence of the pupil,
6 or of his or her parent or legal guardian, within this state, except
7 that an existing public school converting partially or entirely to a
8 charter school under this part shall adopt and maintain a policy
9 giving admission preference to pupils who reside within the former
10 attendance area of that public school.

11 (2) (A) A charter school shall admit all pupils who wish to
12 attend the school.

13 (B) However, if the number of pupils who wish to attend the
14 charter school exceeds the school's capacity, attendance, except
15 for existing pupils of the charter school, shall be determined by a
16 public random drawing. Preference shall be extended to pupils
17 currently attending the charter school and pupils who reside in the
18 district except as provided for in Section 47614.5. Other
19 preferences may be permitted by the chartering authority on an
20 individual school basis and only if consistent with the law.

21 (C) In the event of a drawing, the chartering authority shall
22 make reasonable efforts to accommodate the growth of the charter
23 school and in no event shall take any action to impede the charter
24 school from expanding enrollment to meet pupil demand.

25 (3) If a pupil is expelled or leaves the charter school without
26 graduating or completing the school year for any reason, the charter
27 school shall notify the superintendent of the school district of the
28 pupil's last known address within 30 days, and shall, upon request,
29 provide that school district with a copy of the cumulative record
30 of the pupil, including a transcript of grades or report card, and
31 health information. This paragraph applies only to pupils subject
32 to compulsory full-time education pursuant to Section 48200.

33 (e) The governing board of a school district shall not require
34 any employee of the school district to be employed in a charter
35 school.

36 (f) The governing board of a school district shall not require
37 any pupil enrolled in the school district to attend a charter school.

38 (g) The governing board of a school district shall require that
39 the petitioner or petitioners provide information regarding the
40 proposed operation and potential effects of the school, including,

1 but not limited to, the facilities to be utilized by the school, the
2 manner in which administrative services of the school are to be
3 provided, and potential civil liability effects, if any, upon the school
4 and upon the school district. The description of the facilities to be
5 used by the charter school shall specify where the school intends
6 to locate. The petitioner or petitioners shall also be required to
7 provide financial statements that include a proposed first-year
8 operational budget, including startup costs, and cashflow and
9 financial projections for the first three years of operation.

10 (h) In reviewing petitions for the establishment of charter
11 schools within the school district, the governing board of the school
12 district shall give preference to petitions that demonstrate the
13 capability to provide comprehensive learning experiences to pupils
14 identified by the petitioner or petitioners as academically
15 low-achieving pursuant to the standards established by the
16 department under Section 54032 as it read prior to July 19, 2006.

17 (i) Upon the approval of the petition by the governing board of
18 the school district, the petitioner or petitioners shall provide written
19 notice of that approval, including a copy of the petition, to the
20 applicable county superintendent of schools, the department, and
21 the state board.

22 (j) (1) If the governing board of a school district denies a
23 petition, the petitioner may elect to submit the petition for the
24 establishment of a charter school to the county board of education.
25 The county board of education shall review the petition pursuant
26 to subdivision (b). If the petitioner elects to submit a petition for
27 establishment of a charter school to the county board of education
28 and the county board of education denies the petition, the petitioner
29 may file a petition for establishment of a charter school with the
30 state board, and the state board may approve the petition, in
31 accordance with subdivision (b). A charter school that receives
32 approval of its petition from a county board of education or from
33 the state board on appeal shall be subject to the same requirements
34 concerning geographic location to which it would otherwise be
35 subject if it received approval from the entity to which it originally
36 submitted its petition. A charter petition that is submitted to either
37 a county board of education or to the state board shall meet all
38 otherwise applicable petition requirements, including the
39 identification of the proposed site or sites where the charter school
40 will operate.

1 (2) In assuming its role as a chartering agency, the state board
2 shall develop criteria to be used for the review and approval of
3 charter school petitions presented to the state board. The criteria
4 shall address all elements required for charter approval, as
5 identified in subdivision (b) and shall define “reasonably
6 comprehensive” as used in paragraph (5) of subdivision (b) in a
7 way that is consistent with the intent of this part. Upon satisfactory
8 completion of the criteria, the state board shall adopt the criteria
9 on or before June 30, 2001.

10 (3) A charter school for which a charter is granted by either the
11 county board of education or the state board based on an appeal
12 pursuant to this subdivision shall qualify fully as a charter school
13 for all funding and other purposes of this part.

14 (4) If either the county board of education or the state board
15 fails to act on a petition within 120 days of receipt, the decision
16 of the governing board of the school district to deny a petition
17 shall, thereafter, be subject to judicial review.

18 (5) The state board shall adopt regulations implementing this
19 subdivision.

20 (6) Upon the approval of the petition by the county board of
21 education, the petitioner or petitioners shall provide written notice
22 of that approval, including a copy of the petition to the department
23 and the state board.

24 (k) (1) The state board may, by mutual agreement, designate
25 its supervisory and oversight responsibilities for a charter school
26 approved by the state board to any local educational agency in the
27 county in which the charter school is located or to the governing
28 board of the school district that first denied the petition.

29 (2) The designated local educational agency shall have all
30 monitoring and supervising authority of a chartering agency,
31 including, but not limited to, powers and duties set forth in Section
32 47607, except the power of revocation, which shall remain with
33 the state board.

34 (3) A charter school that has been granted its charter through
35 an appeal to the state board and elects to seek renewal of its charter
36 shall, prior to expiration of the charter, submit its petition for
37 renewal to the governing board of the school district that initially
38 denied the charter. If the governing board of the school district
39 denies the school’s petition for renewal, the school may petition
40 the state board for renewal of its charter.

1 (l) Teachers in charter schools shall hold a Commission on
2 Teacher Credentialing certificate, permit, or other document
3 equivalent to that which a teacher in other public schools would
4 be required to hold. These documents shall be maintained on file
5 at the charter school and are subject to periodic inspection by the
6 chartering authority. It is the intent of the Legislature that charter
7 schools be given flexibility with regard to noncore, noncollege
8 preparatory courses.

9 (m) A charter school shall transmit a copy of its annual,
10 independent financial audit report for the preceding fiscal year, as
11 described in subparagraph (I) of paragraph (5) of subdivision (b),
12 to its chartering entity, the Controller, the county superintendent
13 of schools of the county in which the charter school is sited, unless
14 the county board of education of the county in which the charter
15 school is sited is the chartering entity, and the department by
16 December 15 of each year. This subdivision does not apply if the
17 audit of the charter school is encompassed in the audit of the
18 chartering entity pursuant to Section 41020.

19 SEC. 5. Section 47605.6 of the Education Code is amended to
20 read:

21 47605.6. (a) (1) In addition to the authority provided by
22 Section 47605.5, a county board of education may also approve a
23 petition for the operation of a charter school that operates at one
24 or more sites within the geographic boundaries of the county and
25 that provides instructional services that are not generally provided
26 by a county office of education. A county board of education may
27 only approve a countywide charter if it finds, in addition to the
28 other requirements of this section, that the educational services to
29 be provided by the charter school will offer services to a pupil
30 population that will benefit from those services and that cannot be
31 served as well by a charter school that operates in only one school
32 district in the county. A petition for the establishment of a
33 countywide charter school pursuant to this subdivision may be
34 circulated throughout the county by any one or more persons
35 seeking to establish the charter school. The petition may be
36 submitted to the county board of education for review after either
37 of the following conditions are met:

38 (A) The petition has been signed by a number of parents or
39 guardians of pupils residing within the county that is equivalent
40 to at least one-half of the number of pupils that the charter school

1 estimates will enroll in the school for its first year of operation and
2 each of the school districts where the charter school petitioner
3 proposes to operate a facility has received at least 30 days notice
4 of the petitioner's intent to operate a school pursuant to this section.

5 (B) The petition has been signed by a number of teachers that
6 is equivalent to at least one-half of the number of teachers that the
7 charter school estimates will be employed at the school during its
8 first year of operation and each of the school districts where the
9 charter school petitioner proposes to operate a facility has received
10 at least 30 days notice of the petitioner's intent to operate a school
11 pursuant to this section.

12 (2) An existing public school may not be converted to a charter
13 school in accordance with this section.

14 (3) After receiving approval of its petition, a charter school that
15 proposes to establish operations at additional sites within the
16 geographic boundaries of the county board of education shall notify
17 the school districts where those sites will be located. The charter
18 school shall also request a material revision of its charter by the
19 county board of education that approved its charter and the county
20 board shall consider whether to approve those additional locations
21 at an open, public meeting, held no sooner than 30 days following
22 notification of the school districts where the sites will be located.
23 If approved, the location of the approved sites shall be a material
24 revision of the school's approved charter.

25 (4) A petition shall include a prominent statement indicating
26 that a signature on the petition means that the parent or guardian
27 is meaningfully interested in having his or her child or ward attend
28 the charter school, or in the case of a teacher's signature, means
29 that the teacher is meaningfully interested in teaching at the charter
30 school. The proposed charter shall be attached to the petition.

31 (b) No later than 60 days after receiving a petition, in accordance
32 with subdivision (a), the county board of education shall hold a
33 public hearing on the provisions of the charter, at which time the
34 county board of education shall consider the level of support for
35 the petition by teachers, parents or guardians, and the school
36 districts where the charter school petitioner proposes to place
37 school facilities. Following review of the petition and the public
38 hearing, the county board of education shall either grant or deny
39 the charter within 90 days of receipt of the petition. However, this
40 date may be extended by an additional 30 days if both parties agree

1 to the extension. A county board of education may impose any
2 additional requirements beyond those required by this section that
3 it considers necessary for the sound operation of a countywide
4 charter school. A county board of education may grant a charter
5 for the operation of a school under this part only if the board is
6 satisfied that granting the charter is consistent with sound
7 educational practice and that the charter school has reasonable
8 justification for why it could not be established by petition to a
9 school district pursuant to Section 47605. The county board of
10 education shall deny a petition for the establishment of a charter
11 school if the board finds one or more of the following:

12 (1) The charter school presents an unsound educational program
13 for the pupils to be enrolled in the charter school.

14 (2) The petitioners are demonstrably unlikely to successfully
15 implement the program set forth in the petition.

16 (3) The petition does not contain the number of signatures
17 required by subdivision (a).

18 (4) The petition does not contain an affirmation of each of the
19 conditions described in subdivision (d).

20 (5) The petition does not contain reasonably comprehensive
21 descriptions of all of the following:

22 (A) (i) A description of the educational program of the school,
23 designed, among other things, to identify those pupils whom the
24 school is attempting to educate, what it means to be an “educated
25 person” in the 21st century, and how learning best occurs. The
26 goals identified in that program shall include the objective of
27 enabling pupils to become self-motivated, competent, and lifelong
28 learners.

29 (ii) If the proposed charter school will enroll high school pupils,
30 a description of the manner in which the manner in which the
31 charter school will inform parents regarding the transferability of
32 courses to other public high schools. Courses offered by the charter
33 school that are accredited by the Western Association of Schools
34 and Colleges may be considered to be transferable to other public
35 high schools.

36 (iii) If the proposed charter school will enroll high school pupils,
37 information as to the manner in which the charter school will
38 inform parents as to whether each individual course offered by the
39 charter school meets college entrance requirements. Courses
40 approved by the University of California or the California State

1 University as satisfying their prerequisites for admission may be
2 considered as meeting college entrance requirements for purposes
3 of this clause.

4 (B) The measurable pupil outcomes identified for use by the
5 charter school. “Pupil outcomes,” for purposes of this part, means
6 the extent to which all pupils of the school demonstrate that they
7 have attained the skills, knowledge, and attitudes specified as goals
8 in the school’s educational program.

9 (C) The method by which pupil progress in meeting those pupil
10 outcomes is to be measured.

11 (D) The location of each charter school facility that the petitioner
12 proposes to operate.

13 (E) The governance structure of the school, including, but not
14 limited to, the process to be followed by the school to ensure
15 parental involvement.

16 (F) The qualifications to be met by individuals to be employed
17 by the school.

18 (G) The procedures that the school will follow to ensure the
19 health and safety of pupils and staff. These procedures shall include
20 the requirement that each employee of the school furnish the school
21 with a criminal record summary as described in Section 44237.

22 (H) The means by which the school will achieve a racial and
23 ethnic balance among its pupils that is reflective of the general
24 population residing within the territorial jurisdiction of the school
25 district to which the charter petition is submitted.

26 (I) The manner in which annual, independent, financial *and*
27 *compliance* audits ~~shall be conducted, in accordance with~~
28 ~~regulations established by the state board, and the manner in which~~
29 ~~audit exceptions and deficiencies shall be resolved, consistent with~~
30 ~~the supplement to the audit guide adopted pursuant to subdivision~~
31 ~~(g) of Section 14502.1.~~ *shall be conducted, in accordance with*
32 *the audit guide regulations adopted by the Education Audit Appeals*
33 *Panel, and the manner in which audit exceptions and deficiencies*
34 *shall be resolved.*

35 (J) The procedures by which pupils can be suspended or
36 expelled.

37 (K) The manner by which staff members of the charter schools
38 will be covered by the State Teachers’ Retirement System, the
39 Public Employees’ Retirement System, or federal social security.

1 (L) The procedures to be followed by the charter school and the
2 county board of education to resolve disputes relating to provisions
3 of the charter.

4 (M) A declaration whether or not the charter school shall be
5 deemed the exclusive public school employer of the employees of
6 the charter school for the purposes of the Educational Employment
7 Relations Act (Chapter 10.7 (commencing with Section 3540) of
8 Division 4 of Title 1 of the Government Code).

9 (N) Admission requirements, of the charter school, if applicable.

10 (O) The public school attendance alternatives for pupils residing
11 within the county who choose not to attend the charter school.

12 (P) A description of the rights of an employee of the county
13 office of education, upon leaving the employment of the county
14 office of education, to be employed by the charter school, and a
15 description of any rights of return to the county office of education
16 that an employee may have upon leaving the employ of the charter
17 school.

18 (Q) A description of the procedures to be used if the charter
19 school closes. The procedures shall ensure a final audit of the
20 school to determine the disposition of all assets and liabilities of
21 the charter school, including plans for disposing of any net assets
22 and for the maintenance and transfer of public records.

23 (6) The petitioner has operated another charter school for at
24 least three consecutive years and any of the following have
25 occurred:

26 (A) The charter school has demonstrated academic achievement
27 equivalent to a persistently lowest-achieving school as set forth in
28 Section 53200.

29 (B) The charter school completed its first renewal cycle and
30 was not renewed by the authorizing entity, the county board of
31 education, or the state board.

32 (C) The school has had its charter revoked, and the charter was
33 not restored by the county board of education or the state board.

34 (7) Any other basis that the board finds justifies the denial of
35 the petition.

36 (c) A county board of education that approves a petition for the
37 operation of a countywide charter may, as a condition of charter
38 approval, enter into an agreement with a third party, at the expense
39 of the charter school, to oversee, monitor, and report to the county
40 board of education on the operations of the charter school. The

1 county board of education may prescribe the aspects of the charter
2 school's operations to be monitored by the third party and may
3 prescribe appropriate requirements regarding the reporting of
4 information concerning the operations of the charter school to the
5 county board of education.

6 (d) (1) Charter schools shall meet all statewide standards and
7 conduct the pupil assessments required pursuant to Section 60605
8 and any other statewide standards authorized in statute or pupil
9 assessments applicable to pupils in noncharter public schools.

10 (2) Charter schools shall on a regular basis consult with their
11 parents and teachers regarding the school's educational programs.

12 (e) (1) In addition to any other requirement imposed under this
13 part, a charter school shall be nonsectarian in its programs,
14 admission policies, employment practices, and all other operations,
15 shall not charge tuition, and shall not discriminate against any
16 pupil on the basis of ethnicity, national origin, gender, or disability.
17 Except as provided in paragraph (2), admission to a charter school
18 shall not be determined according to the place of residence of the
19 pupil, or of his or her parent or guardian, within this state.

20 (2) (A) A charter school shall admit all pupils who wish to
21 attend the school.

22 (B) However, if the number of pupils who wish to attend the
23 charter school exceeds the school's capacity, attendance, except
24 for existing pupils of the charter school, shall be determined by a
25 public random drawing. Preference shall be extended to pupils
26 currently attending the charter school and pupils who reside in the
27 county except as provided for in Section 47614.5. Other preferences
28 may be permitted by the chartering authority on an individual
29 school basis and only if consistent with the law.

30 (C) In the event of a drawing, the county board of education
31 shall make reasonable efforts to accommodate the growth of the
32 charter school and, in no event, shall take any action to impede
33 the charter school from expanding enrollment to meet pupil
34 demand.

35 (f) No county board of education shall require any employee of
36 the county or a school district to be employed in a charter school.

37 (g) No county board of education shall require any pupil enrolled
38 in a county program to attend a charter school.

39 (h) The county board of education shall require that the
40 petitioner or petitioners provide information regarding the proposed

1 operation and potential effects of the school, including, but not
2 limited to, the facilities to be utilized by the school, the manner in
3 which administrative services of the school are to be provided,
4 and potential civil liability effects, if any, upon the school, any
5 school district where the charter school may operate and upon the
6 county board of education. The petitioner or petitioners shall also
7 be required to provide financial statements that include a proposed
8 first-year operational budget, including startup costs, and cashflow
9 and financial projections for the first three years of operation.

10 (i) In reviewing petitions for the establishment of charter schools
11 within the county, the county board of education shall give
12 preference to petitions that demonstrate the capability to provide
13 comprehensive learning experiences to pupils identified by the
14 petitioner or petitioners as academically low-achieving pursuant
15 to the standards established by the State Department of Education
16 under Section 54032.

17 (j) Upon the approval of the petition by the county board of
18 education, the petitioner or petitioners shall provide written notice
19 of that approval, including a copy of the petition, to the school
20 districts within the county, the Superintendent of Public Instruction
21 and to the State Board of Education.

22 (k) If a county board of education denies a petition, the petitioner
23 may not elect to submit the petition for the establishment of the
24 charter school to the State Board of Education.

25 (l) Teachers in charter schools shall be required to hold a
26 Commission on Teacher Credentialing certificate, permit, or other
27 document equivalent to that which a teacher in other public schools
28 would be required to hold. These documents shall be maintained
29 on file at the charter school and shall be subject to periodic
30 inspection by the chartering authority.

31 (m) A charter school shall transmit a copy of its annual,
32 independent, financial audit report for the preceding fiscal year,
33 as described in subparagraph (I) of paragraph (5) of subdivision
34 (b), to the County Office of Education, State Controller and the
35 State Department of Education by December 15 of each year. This
36 subdivision shall not apply if the audit of the charter school is
37 encompassed in the audit of the chartering entity pursuant to
38 Section 41020.

39 SEC. 6. Section 47607 of the Education Code is amended to
40 read:

1 47607. (a) (1) A charter may be granted pursuant to Sections
2 47605, 47605.5, and 47606 for a period not to exceed five years.
3 A charter granted by a school district governing board, a county
4 board of education or the state board, may be granted one or more
5 subsequent renewals by that entity. Each renewal shall be for a
6 period of one to five years. A material revision of the provisions
7 of a charter petition may be made only with the approval of the
8 authority that granted the charter. The authority that granted the
9 charter may inspect or observe any part of the charter school at
10 any time.

11 (2) Renewals and material revisions of charters are governed
12 by the standards and criteria in Section 47605, and shall include,
13 but not be limited to, a reasonably comprehensive description of
14 any new requirement of charter schools enacted into law after the
15 charter was originally granted or last renewed.

16 (3) The chartering authority that authorizes a charter school
17 shall consider, as one factor in determining whether to grant a
18 renewal, the degree to which a charter school serves pupil
19 populations that are similar to local district pupil populations,
20 especially with regard to high-need pupils, including, but not
21 limited to, pupils with disabilities, pupils living in poverty, and
22 English learners.

23 (b) A charter school that has been in operation for four years
24 shall meet at least one of the following criteria prior to receiving
25 a charter renewal pursuant to paragraph (1) of subdivision (a):

26 (1) Attained its Academic Performance Index (API) schoolwide
27 and subgroup growth targets in the prior year or in two of the last
28 three years, or in the aggregate for the prior three years.

29 (2) Ranked in deciles 4 to 10, inclusive, on the API in the prior
30 year or in two of the last three years.

31 (3) Ranked in deciles 4 to 10, inclusive, on the API for a
32 demographically comparable school in the prior year or in two of
33 the last three years.

34 (4) Has qualified for an alternative accountability system
35 pursuant to subdivision (h) of Section 52052.

36 (c) Notwithstanding subdivision (a), for purposes of achieving
37 high-performing charter schools, a chartering authority shall not
38 do either of the following:

39 (1) Grant a renewal of a charter school for a period longer than
40 three years if that charter school is in program improvement,

1 pursuant to the federal No Child Left Behind Act of 2001 (20
2 U.S.C. Sec. 6301 et seq.).

3 (2) Grant a renewal of a charter school that has entered into year
4 five of program improvement, pursuant to the federal No Child
5 Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.), has not
6 exited program improvement, and did not meet Adequate Yearly
7 Progress in the year prior to the renewal year.

8 (d) A charter may be revoked by the authority that granted the
9 charter under this chapter if the authority finds, through a showing
10 of substantial evidence, that the charter school did any of the
11 following:

12 (1) Committed a material violation of any of the conditions,
13 standards, or procedures set forth in the charter.

14 (2) Failed to meet or pursue any of the pupil outcomes identified
15 in the charter.

16 (3) Failed to meet generally accepted accounting principles, or
17 engaged in fiscal mismanagement.

18 (4) Violated any provision of law.

19 (e) Prior to revocation, the authority that granted the charter
20 shall notify the charter public school of any violation of this section
21 and give the school a reasonable opportunity to remedy the
22 violation, unless the authority determines, in writing, that the
23 violation constitutes a severe and imminent threat to the health or
24 safety of the pupils.

25 (f) Prior to revoking a charter for failure to remedy a violation
26 pursuant to subdivision (e), and after expiration of the school's
27 reasonable opportunity to remedy without successfully remedying
28 the violation, the chartering authority shall provide a written notice
29 of intent to revoke and notice of facts in support of revocation to
30 the charter school. No later than 30 days after providing the notice
31 of intent to revoke a charter, the chartering authority shall hold a
32 public hearing, in the normal course of business, on the issue of
33 whether evidence exists to revoke the charter. No later than 30
34 days after the public hearing, the chartering authority shall issue
35 a final decision to revoke or decline to revoke the charter, unless
36 the chartering authority and the charter school agree to extend the
37 issuance of the decision by an additional 30 days. The chartering
38 authority shall not revoke a charter, unless it makes written factual
39 findings supported by substantial evidence, specific to the charter
40 school, that support its findings.

1 (g) (1) If a school district is the chartering authority and it
2 revokes a charter pursuant to this section, the charter school may
3 appeal the revocation to the county board of education within 30
4 days following the final decision of the chartering authority.

5 (2) The county board may reverse the revocation decision if the
6 county board determines that the findings made by the chartering
7 authority under subdivision (f) are not supported by substantial
8 evidence. The school district may appeal the reversal to the state
9 board.

10 (3) If the county board does not issue a decision on the appeal
11 within 90 days of receipt, or the county board upholds the
12 revocation, the charter school may appeal the revocation to the
13 state board.

14 (4) The state board may reverse the revocation decision if the
15 state board determines that the findings made by the chartering
16 authority under subdivision (f) are not supported by substantial
17 evidence. The state board may uphold the revocation decision of
18 the school district if the state board determines that the findings
19 made by the chartering authority under subdivision (f) are
20 supported by substantial evidence.

21 (h) (1) If a county office of education is the chartering authority
22 and the county board revokes a charter pursuant to this section,
23 the charter school may appeal the revocation to the state board
24 within 30 days following the decision of the chartering authority.

25 (2) The state board may reverse the revocation decision if the
26 state board determines that the findings made by the chartering
27 authority under subdivision (f) are not supported by substantial
28 evidence.

29 (i) If the revocation decision of the chartering authority is
30 reversed on appeal, the agency that granted the charter shall
31 continue to be regarded as the chartering authority.

32 (j) During the pendency of an appeal filed under this section, a
33 charter school, whose revocation proceedings are based on
34 paragraph (1) or (2) of subdivision (d), shall continue to qualify
35 as a charter school for funding and for all other purposes of this
36 part, and may continue to hold all existing grants, resources, and
37 facilities, in order to ensure that the education of pupils enrolled
38 in the school is not disrupted.

1 (k) Immediately following the decision of a county board to
2 reverse a decision of a school district to revoke a charter, the
3 following shall apply:

4 (1) The charter school shall qualify as a charter school for
5 funding and for all other purposes of this part.

6 (2) The charter school may continue to hold all existing grants,
7 resources, and facilities.

8 (3) Any funding, grants, resources, and facilities that had been
9 withheld from the charter school, or that the charter school had
10 otherwise been deprived of use, as a result of the revocation of the
11 charter shall be immediately reinstated or returned.

12 (l) A final decision of a revocation or appeal of a revocation
13 pursuant to subdivision (d) shall be reported to the chartering
14 authority, the county board, and the department.

15 SEC. 7. Section 47630.6 is added to the Education Code, to
16 read:

17 47630.6. (a) By December 31 of each fiscal year, the Controller
18 shall publish a directory of certified public accountants and public
19 accountants, *licensed by the California Board of Accountancy*,
20 deemed by the Controller to be qualified to conduct audits of
21 charter schools. Each audit of a charter school conducted pursuant
22 to this part shall be conducted by a certified public accountant or
23 public accountant selected by the charter school from the directory
24 established pursuant to this subdivision.

25 (b) Except as provided in subdivision (d) of Section 41320.1,
26 it is unlawful for a public accounting firm to provide audit services
27 to a charter school if the lead audit partner, or coordinating audit
28 partner, having primary responsibility for the audit, or the audit
29 partner responsible for reviewing the audit, has performed audit
30 services for that charter school in each of the six previous fiscal
31 years

32 (c) It is the intent of the Legislature that, notwithstanding
33 subdivision (b), the rotation within public accounting firms
34 conforms to provisions of the federal Sarbanes-Oxley Act of 2002
35 (Public Law 107-204; 15 U.S.C. Sec. 7201 et seq.).